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BERLIN

- I. Current target of bloc pressures is Berlin, where Khrushchev is maneuvering to win a withdrawal of Allied forces and Western recognition of the East German regime.
 - A. Proposal that West Berlin be a "free city" is designed to facilitate Soviet transfer of control over Allied access to East German authorities.
 - B. USSR will utilize six-months period to try to win over world opinion to accept its solution for Berlin.
- II. Western Allies all reject proposal but British Foreign Office Officials believe Western powers cannot refuse to participate in some type of talks with Moscow.

CUBA

- I. No prospect for early end of Cuba's 2-year old civil war.
 - A. Batista's hand-picked successor, RIVERO AGUIERO, chosen president in 3 Nov elections, unacceptable to Castro's rebels.
 - B. Rivero dependent on Batista political machine and especially on support of armed forces.
- II. Government unable contain rebel activity which is spreading.
 - A. Castro's forces dominate Oriente Province, which contains one-third Cuban population.
 1. Rebels increasingly aggressive in Camaguey, Las Villas, Pinar del Rio provinces.

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B. Cuba's prosperous economy deteriorating with rebel harassment industrial and agricultural activity and interdiction transport and communication.

1. American facilities and citizens also affected.

III. Batista's chief threat is potential breakdown in loyalty of armed forces.

A. Some top-ranking army officers reportedly considering a coup against Batista.

B. They are said to be negotiating with a small opposition civilian group known as the "Montecristi."

MIDDLE EAST

I. Political instability and Arab-Israeli tension continue and incidents and coups can occur at any time.

A. The imminence of Arab-Israeli war is currently receding, but hostilities could erupt quickly, particularly if a change of government takes place in Jordan.

II. In Jordan, Husayn's ruling position is shaky. Lid being held on by unpopular pro-West Rifai government operating under martial law.

A. Anti-regime intrigue being sponsored by UAR.

B. Jordanian politicians also maneuvering for power.

C. If Husayn falls, Jordan faces dismemberment by its neighbors.

III. In Iraq, political situation deteriorating as Qasim tries to avoid union with UAR.

A. Senior military officers, angered at rising Communist influence, reported planning to topple Qasim if political disorder not

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- B. Qasim's replacement would almost certainly result in closer relations with UAR, but this might stop short of full union.
 - C. Meanwhile, Iraq getting considerable quantities of arms from USSR (first deliveries 19-23 November, more expected soon.)
- IV. Nasir encountering difficulties in Syrian sector of UAR.
- A. Land reform measures, other UAR controls, causing dissatisfaction among members of conservative Syrian groups.
 - B. Full-scale challenge to Nasir, however, unlikely unless army joins with disgruntled conservatives. The regime maintains tight security precautions.

TAIWAN STRAIT

- I. ChiComs have backed away from fight with US over offshore islands.
 - A. Did so, after talking big for several weeks.
 - B. Peiping and Moscow apparently concluded, during September, that US was in earnest about defending the islands.
 - C. Peiping has offered rationale for avoiding clash with US by re-affirming Mao Tse-tung's long-standing contention that "imperialism" is doomed but must be taken seriously in particular engagements. That is, US is "paper tiger," but tiger "can still bite."
 - D. Nevertheless, Communist forces in and near Strait area remain strong. Could resume heavy military pressure at any time.
- II. Peiping has shifted from earlier distinction between need to take offshore islands immediately and willingness to postpone accession of Taiwan.
 - A. Now insisting Taiwan and offshore islands are indissolubly linked.

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- B. Peiping apparently came to fear growth of sentiment in Free World for a "two Chinas" solution.
- III. Peiping now trying to persuade Chiang that negotiations offer best hope for Nationalist future.
 - A. Communists tell Nationalists that they are all Chinese together, that collaboration with US is shameful, that US is unreliable anyhow.
 - B. Nationalist leadership has shown no inclination to negotiate with Peiping. However, elements favoring negotiation might emerge if Chiang Kai-shek loosens his grip.

PROBLEM OF COMMUNIST CHINA

- I. 1958 domestic scene in Communist China highlighted by the "giant leap forward" and the rapid formation of communes.
 - A. Despite note of nagging opposition from unidentified "gloomy clique," top leaders committed to success of the "giant leap" which demands maximum speed in economic development.
 - B. Clear that very ambitious "leap" targets based in part on anticipated returns from related programs:
 - 1. to build large numbers of small, rural-oriented industries and thus make fuller use of nation's greatest resource--manpower;
 - 2. to decentralize elements of administrative power to local officials;
 - 3. to pour more money and organized labor into agriculture.

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C. These programs have doubtless brought substantial increases in output.

1. "Leap" targets will probably be reached in most industries, though high portion of increases will come from the small industries where quality of product low and uneven

2. Claimed doubling in output major farm products wildly out of line with what western agricultural experts regard as possible.

D. Leadership evidently proceeding on dubious assumption that its economic claims accurately reflect actual situation and programming a similar "giant leap" in 1959.

II. Peiping's communes doubtless one of the farthest-reaching social experiments of modern times.

A. They are mergers of collective farms (ratio about 1:30) and include agriculture, industry, commerce, finance, education and internal security matters.

B. Program developed rapidly--from 30 percent of 500 million rural population in communes at beginning September to over 90 percent at end of month.

C. Communes will enable regime make more efficient utilization rural manpower and local authority.

III. In long run social changes wrought by communes will probably be greater than the economic.

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- A. Peiping aiming to create a "new way of life" through communal messes, housing, nurseries, schools and other "amenities" and thus break up traditional family units.
- B. If successful--and success by no means assured--China will have closest thing to total regimentation in modern world.
- C. Full impact of communes probably will be felt only after some time.
 - 1. But they are Mao's greatest gamble and he may be asking this time more of his human material than it can bear.

PROBLEM OF USSR

- I. Major challenge to West is USSR's growing military and economic strength.
 - A. In missile field has available for operational use surface-to-surface ballistic missiles with ranges up to 1100 nautical miles.
 - 1. Possible some these missiles now deployed to East Germany.
 - B. ICBM test program going slower than we expected. Now believe Soviets will have first operational capability with about 10 in prototype ICBM's in 1959. Possible, but very unlikely, they have achieved a limited capability with unproven hardware in 1958.
 - C. A new-model large bomber has been observed recently in Moscow, but we know little of its characteristics so far.
 - D. Soviet nuclear stockpile growing both in quality and quantity, now could contain weapons with yields from 2KT to 8 MT.

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1. Have now conducted more than 70 tests.
2. Last series this fall at Novaya Zemlya included two largest ever [REDACTED]

F. Speaking more generally, can say that Soviet science reaching very high level; potential for wholly new discoveries in many fields.

II. These impressive achievements supported by rapid growth of Soviet economy.

A. New 7-year Plan announced 12 November (to be approved by 21st CPSU Congress in January) calls for 8.7 % annual rise in industrial production.

1. This target, slightly lower than past rate, probably feasible.

B. Khrushchev claims USSR will surpass US by 1970.

1. This unrealistic, but Soviet production will probably reach 60 % of US by then.
2. In some heavy industry categories, production will reach US levels, but consumer goods as usual will lag.

III. Soviet leaders have used these successes in bloc's cold war policy against West.

A. Since announcement August 37 of successful test ballistic missile followed by launchings Soviet "sputniks," Moscow has advanced claims that "balance of world forces" have shifted in favor of bloc.

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1. However after initial impact of sputniks, Free World opinion has come to accept view that US continues for time being to hold upper hand.
- B. The bloc economic aid offensive also continues to score successes for the bloc at the expense of the West. The Asian Dam credit of about \$100,000,000 is good example.
 1. While aid offensive has increased Moscow's influence, the considered view of US intelligence community is that trade and aid program alone will not cause any state to align itself with bloc in near future.
 2. Future prospect: As time passes, some of glamour of bloc aid will tend to wear off as motivations behind alleged "aid without strings" become visible. On other hand, we must be prepared for intensification of the bloc's economic offensive.

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